

# Conference call in number for Webinar

1-800-992-0185, code 3752212#

IHCDA is in the process of composing a closing contact list. Please take a moment and email Lee McClendon or Sara Hawk contact information of at least one individual within your post closing department that handles IHCDA loans

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Sara Hawk [shawk@ihcda.in.gov](mailto:shawk@ihcda.in.gov)

# Underwriting 2016

NEW processes and procedures

# THE HOMEOWNERSHIP TEAM

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## Homeownership Manager

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## Underwriters

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## Operations

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317-234-3706

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317-232-3566

## US Bank Customer Care Specialists

[hfastcommunications@usbank.com](mailto:hfastcommunications@usbank.com)

[hfcommunications@usbank.com](mailto:hfacommunications@usbank.com)

800-562-5165, option 1



Indiana Housing & Community Development Authority

## WEBINAR PRESENTATION INFO

A copy of this presentation will be emailed to each individual who participated in this training along with;

- Lender Manual
- IHCD A RESPA TILA statement

## HOMEOWNERSHIP MISSION STATEMENT

*“To assist all Hoosiers with the opportunity to achieve the dream of homeownership.”*

## HOMEOWNERSHIP VISION STATEMENT

*“To promote responsible homeownership opportunities by offering programs that help Hoosiers through below-market interest rates, down payment assistance and tax benefits.”*

# NEW HIGHLIGHTS

- **Using Qualifying Income based off of the 1003 FOR MORTGAGOR/CO-MORTGAGOR ONLY**
  - Sources of Income must match on 1003 & All document
  - Paystubs are no longer required
    - May be requested if there is a discrepancy
  - For program qualification, Lender will only use qualifying income on the 1003
- **3-Years Tax Transcripts are only required on MCC, Next Home/MCC Combo, Affordable Home and My Home/MCC Combo loans**
  - Tax Transcripts are no longer required on the stand-alone products of Next Home and My Home
- **Multi-unit dwellings of 1 unit or 2-4 unit dwellings are now acceptable**
  - Loans must be underwritten to all Fannie, Freddie and Ginnie specifications
  - One unit must be occupied by the mortgagor of the units
  - The units were first occupied at least five years before the mortgage (but not necessarily occupied on the date hereof) **MCC-linked mortgages ONLY**
    - If the dwelling is located in a Targeted-Area, the above guideline does not apply if the mortgagor income meets the applicable income requirements

# NEW PROCESS

## APPLICATION

- Lender submits, via email, the “Homeownership Affidavit” and FrameWork HB Certificate (if applicable) **once the loan is reserved** for an approval to close

[Homeownershipdocs@ihcda.in.gov](mailto:Homeownershipdocs@ihcda.in.gov)

## CLOSING

- Lender submits a full package **after the loan has closed** with all required documents completed and signed for final approval
  - IHEDA Closing Package Checklist will be used as a guide for submitting proper documentation

# What Underwriting Criteria will IHCDA use?

1. Qualifying Income on 1003
2. Sources of Income on All
3. Income Limits
4. Purchase Price Limits, when applicable
5. First-time homebuyer, when applicable
6. Purchase Price cannot exceed appraised value, except on MCC stand-alone program
7. Dwelling must be one (1) parcel on MCC attached programs & Affordable Home ONLY
  - Next Home & My Home stand-alone programs are exempt from this guideline

# Qualifying Income - EXAMPLE

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION						
Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$ 2,887.73		\$ 2,887.73	Rent	\$ 0.00	
Overtime				First Mortgage (P&I)		\$ 572.13
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		81.83
Dividends/Interest				Real Estate Taxes		64.92
Net Rental Income				Mortgage Insurance		78.03
Other (before completing, see the notice in "Describe Other Income," below)				Homeowner Assn. Dues		10.41
Other:						
Total	\$ 2,887.73		\$ 2,887.73	Total	\$ 0.00	\$ 807.32

\* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

B/C	Describe Other Income	Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.	Monthly Amount
			\$

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## SOURCE(S) OF INCOME AFFIDAVIT

CHECK ALL SOURCES THAT APPLY

Income will be determined for Mortgagor and Co-Mortgagor(s) only based off Gross Annual Income provided on the Uniform Residential Loan Application (URLA Form 1003) Sources of income checked below must match Mortgagor/Co-Mortgagor's income as disclosed on the "Uniform Residential Loan Application (URLA Form 1003) Affidavit"

"Gross Annual Income" is defined in the Indiana Housing and Community Development Authority Next Home Program Guide.

Mortgagor/Co-Mortgagor's Gross Annual Income includes:

- ☒ Base Employment Income
 ☐ Dividends/Interest  
☐ Overtime
 ☐ Net Rental Income  
☐ Bonuses
 ☐ Other Pay  
☐ Commissions

# THE APPLICATION PACKAGE

1. Lender makes reservation in IHSF
2. Lender submits reservation fee via:
  1. ACH (ACH account number and routing number is given to Lender only after a signed MOSA is approved)
  2. Mails Certified check/Lender check/money order to IHCD. If sending checks/money orders you must submit the IHCD Invoice along with the fee. The IHCD Invoice is located in the Loan Documents section of the IHSF system (personal checks are not accepted).
3. Lender emails the IHCD Homeownership Affidavit and the Frame Work homeownership training certificate
4. If applicable, \$75 Frame Work fee is only refunded, via the DPA wire, under the NH or NH/MCC programs if the certificate is submitted with the Affidavit at application
5. Lender to check IHSF system for status of loan within **24 business hours**
6. Upon “Committed Approval” status
  1. Lender requests DPA funds to be wired (if applicable)
  2. Requests should be made no more than 3 business days before closing but must allow **48 business hours** for wire to be received
7. Lender closes the loan

# ACH BENEFITS

## THINGS TO CONSIDER BY SWITCHING TO THE ACH PROCESS

- Saving money! Lenders do not have to pay a FedEx or UPS overnight/next-day fee to submit a reservation fee. **This is a \$15-30 expense saved PER FILE!**
- Faster processing! The homeownership affidavit will be reviewed instantly instead of waiting 24-48 hours for a mailed check to be received & applied to the loan by IHCD
- Convenience! Lenders can take any type of acceptable payment (ie: credit card, cash, personal check) from the borrower and then ACH the reservation fee directly to IHCD
- Security! ACH alleviates the most common fear about checks as they have the possibility of being misplaced.



Indiana Housing & Community Development Authority

### IHCDA HOMEOWNERSHIP RESERVATION FEE INVOICE

PLEASE COMPLETE ALL INFORMATION REQUESTED

Reservation Number: 7000X

Mortgagor: IHCDA EXAMPLE

Co-Mortgagor: \_\_\_\_\_

Property Address: 30 S MERIDIAN ST, INDIANAPOLIS, IN 46204

#### RESERVATION FEE ARE AS FOLLOWS:

\$100	NEXT HOME
\$100	NEXT HOME WITH MCC
\$100	AFFORDABLE HOME
\$100	MY HOME
\$100	MY HOME WITH MCC
\$500	MCC

\*\*PLEASE NOTE PERSONAL CHECKS ARE NOT ACCEPTED\*\*

\*\*CHECKS WILL NOT BE ACCEPTED WITHOUT THE INVOICE\*\*

\*\*CANNOT ACCEPT MORE THAN ONE RESERVATION FEE PER INVOICE\*\*

PLEASE FORWARD PAYMENT ALONG WITH THE INVOICE TO:

IHCDA  
ATTN: HOMEOWNERSHIP  
30 S MERIDIAN STREET  
SUITE 1000  
INDIANAPOLIS, IN 46204



Indiana Housing & Community Development Authority

# Fees

## Reservation Fees

made payable by ACH, lender check, cashiers check or money order

**\$100.00**

Next Home, Next Home with MCC combo, Affordable Home, MY Home and MY Home with MCC combo

**\$500.00**

MCC stand-alone

## Extension Fees

### **MCC stand-alone**

*\*\*Due if the commitment date expires prior to the loan receiving **final approval from IHCD***

30-day extension only, .25% of the final loan amount **made payable to IHCD** (this fee cannot be paid by the mortgagor)

### **Next Home, Next Home with MCC combo, Affordable Home, MY Home & MY Home with MCC combo**

*\*\*Extension must be requested if the commitment date expires prior to the loan being **purchased by US Bank***

Extension options:

[ExtensionRequests@ihcda.in.gov](mailto:ExtensionRequests@ihcda.in.gov)

#### **Rate Lock Extension**

7 days  
15 days  
22 days  
30 days

#### **Extension fee**

.09375  
.18750  
.28125  
.37500

Choices can be singular or a combination.

# THE CLOSING PACKAGE

1. Lender closes the loan
2. Lender submits closing package via mail
  1. Final 1003, copy signed by Mortgagor and Loan Originator
  2. Final All, original fully signed
  3. 3 years tax transcripts (if applicable)
  4. Full Purchase Agreement/Counters/Amendments, copy fully signed
  5. Appraisal
  6. Final Closing Disclosure, copy Mortgagor(s) signed
  7. IHCD A Second Mortgage, copy signed (if applicable)
  8. IHCD A Promissory Note, copy signed (if applicable)
  9. First page of Mortgage, copy (MCC stand-alone ONLY)
  10. Mortgage Note, copy (MCC stand-alone ONLY)
  11. IHCD A Mortgage Rider, copy (Affordable Home ONLY)
3. Loan receives final approval

## MAILING ADDRESS

IHCDA

Attn: Homeownership

30 South Meridian Street, Suite 1000

Indianapolis, Indiana 46204

# THE CLOSING PACKAGE

<b>Closing Package Documentation</b>	<b>Next Home</b>	<b>Next Home MCC</b>	<b>MCC</b>	<b>Affordable Home</b>	<b>My Home</b>	<b>My Home MCC</b>
Final signed 1003 (copy)	X	X	X	X	X	X
Final signed ALL (original signatures)	X	X	X	X	X	X
3 years tax transcripts		X	X	X		X
Signed purchase agreement	X	X	X	X	X	X
Appraisal	X	X	X	X	X	X
Signed Closing Disclosure (copy)	X	X	X	X	X	X
Signed IHEDA Second Mortgage (copy)	X	X				
Signed IHEDA Promissory Note (copy)	X	X				
First page of Mortgage (copy)			X			
Mortgage Note (copy)			X			
Signed IHEDA Rider (copy)				X		

# Reminders

- Loan must have final approval from IHCD **AND** purchased by US Bank before commitment expiration date.
- MCC stand-alone loans must be submitted within 30 days from closing and receive final approval from IHCD by the date of commitment expiration.
- Check the mortgagor/co-mortgagor qualifying sources of income on the 1003 with what is checked on the All document. It is very important that these sources of qualifying income **MATCH**.
- Look at all aspects of the file on items that are listed on the “Homeownership Affidavit” to help verify the loan will be in compliance with IHCD guidelines.

# The Good, The Bad and The Ugly!

## Pros

Quick turnaround time on applications

Less mailing costs to lenders

Mortgagor/Co-Mortgagor who can reserve and close within days

IHCDA & Lender first-time approvals improve

## Cons

New processes leads to a huge training curve – It is important that all staff members touching IHCDA loans are fully versed in the new processes

**Review of the  
“IHCDA Homeownership Affidavit”  
and  
“Universal All” documents**

# DPA Disbursement

# DOWN PAYMENT ASSISTANCE – SET UP

- In “Reservation/Loan Status screen” loan must be in the stage “Committed – Approved”
- Click the “DPA Funding Request” box to set up the DPA disbursement
- Choose your Organization from the drop down arrow
- ON LEFT SIDE ENTER: “DPA FUNDS PAID TO”
  - Title Company name
  - Address
  - ABA Number (Routing number)
  - Account Number

DPA Funding Request - Current Workflow Step Name = Request Submitted

Wiring Instructions

**DPA Funds Paid To**

Organization

Title Company

Address

City

State  Zip Code  -

ABA Number

Account Number

**DPA Funds Paid To**

Complete the DPA Funds Paid To with the name, address, ABA number and Account number of the organization the second mortgage funds will be paid to. This will typically be the title company.

Bank

**Send Purchase Confirmation To**

Complete Name of person to contact.

Complete at least one of Mailing Address, Fax, Telephone or Email for purchase confirmation

**Send Purchase Confirmation To**

Name

**Mailing Address**

☒ Same as Bank Information

Name

Address

City

State  Zip Code  -

**Fax**

Number

**Telephone**

Number  Ext.

**Email**

Address

Rescind Submit Request Save Close

# SET UP (CONTINUED...)

- ON RIGHT SIDE ENTER: “SEND PURCHASE CONFIRMATION TO”
  - Name
- MAILING ADDRESS: ENTER (suggested DO NOT check box)
  - Bank Name
  - Address
- \*\* If you check the box it will prefill the same information that was entered on the left side aka the title company information**
- FAX: N/A
- TELEPHONE: enter contact number of person who requested the DPA funds
- EMAIL: enter name of person to whom confirmation is to be sent
- \*\* Be sure to check your junk folder if no email is received**
- Click “Submit Request”
- DPA is disbursed within 24 hrs. of receipt

The screenshot shows a web application window titled "DPA Funding Request - Current Workflow Step Name = Request Submitted". The form is divided into two main sections: "DPA Funds Paid To" on the left and "Send Purchase Confirmation To" on the right. The "DPA Funds Paid To" section includes fields for Organization, Title Company, Address, City, State (dropdown), Zip Code, ABA Number, and Account Number. Below these is a "Bank" field and a "Send Purchase Confirmation To" section with instructions to complete the name, address, fax, telephone, or email. The "Send Purchase Confirmation To" section on the right has fields for Name, Mailing Address (with a checked box for "Same as Bank Information"), City, State (dropdown), Zip Code, Fax Number, Telephone Number (with extension), and Email Address. At the bottom are buttons for "Rescind", "Submit Request", "Save", and "Close".

# ADDITIONAL DPA WIRE INFORMATION

## INTERMEDIARY DISBURSEMENTS:

The IHSF System is not set up to enter more than one (1) financial institution. If there is an intermediary bank involved, please contact IHCD's Homeownership Operations Team.

Dolores Scisney: [dscisney@ihcda.in.gov](mailto:dscisney@ihcda.in.gov)

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Liann Fisher: [lfisher@ihcda.in.gov](mailto:lfisher@ihcda.in.gov)

# QUESTIONS

# SURVEY

<https://www.surveymonkey.com/r/5Q965BX>



Please take a moment to complete the “Lender Training” evaluation survey. Describe your webinar experience and give us any feedback that will help assist the HO Department’s continuous goal of providing excellent customer service to our participating lenders!